



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH JUNE 2024

DOMESTIC NEWS

Kenya's shilling gained ground on Wednesday, boosted by dollar inflows from tea exporters and low importer hard-currency demand. Commercial banks quoted the shilling at 128.00/129.00 per U.S. dollar, compared with Tuesday's closing rate of 129.00/130.00. (Reuters)

The International Monetary Fund (IMF) has backed the government's proposed tax changes in the 2024 Finance Bill despite a public outcry, citing a need to reverse a growing shortfall in government's revenue collection. This backing by one of Kenya's most influential financiers is likely to strengthen the government's resolve to push through the Bill that it hopes will generate an additional Sh496 billion in taxes in the 2024/2025 fiscal year. The government is targeting Sh2.948 trillion in taxes (ordinary revenue) in the 2024/2025 fiscal year, up from a projected Sh2.452 trillion in the current year. In the 10 months to April 2024, the State had raised Sh1.826 trillion in taxes against a pro-rated target of Sh2.094 trillion, indicating a shortfall of Sh267.9 billion. The IMF said that although the country has successfully refinanced its 2014 Eurobond and brought down inflation and the exchange rate, the revenue shortfall and widening fiscal deficit remain a concern and require "a sizeable and upfront fiscal adjustment in the 2024/25 fiscal year to correct the course." The IMF further noted that the government has taken what it termed as decisive steps towards fiscal consolidation by introducing several measures in the draft 2024/25 Budget and the 2024 Finance Bill. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	123.50	133.50	123.50	133.50
GBP/KES	160.17	173.17	159.37	174.07
EUR/KES	133.91	147.81	134.21	150.71
AED/KES	30.98	43.98	32.98	44.48

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	9.50%		1.50%	
1 Month	9.75%		2.50%	
3 Months	10.00%		3.25%	
6 Months	10.25%		3.50%	
1 year	10.50%		4.25%	



USD movement from Mar 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

Most Asian currencies weakened on Thursday as forecasts of fewer interest rate cuts by the Federal Reserve dented appetite for regional markets, even as the dollar fell on a soft inflation reading. Dollar steadies as Fed outlook offsets weak CPI. The dollar index and dollar index futures both rose slightly in Asian trade, as traders digested hawkish signals from the Fed. Chair Jerome Powell said the central bank now only saw the possibility of one rate cut this year, down from prior forecasts of three. Some policymakers even called for no rate cuts this year in the face of sticky inflation. The Fed also hiked its inflation forecast for 2024. But the Fed's comments were preceded by consumer price index inflation showing that inflation cooled slightly more than expected in May. But the dollar steadied after the Fed's comments, given that high for longer rates are likely to benefit the greenback. Such a scenario also bodes poorly for risk-driven currencies.

On the other hand, GBP/USD pair edges lower during the Asian session on Thursday and retreats further from over a three-month top, around the 1.2860 region touched the previous day, in reaction to softer US consumer inflation figures. EURUSD trades around 1.0810 during the Asian hours on Thursday.

In the commodities markets, Gold prices fell in Asian trade on Thursday, remaining close to recent lows as the Federal Reserve slashed its outlook for interest rate cuts this year, presenting more headwinds for the yellow metal. Losses in gold came even as the dollar declined in overnight trade on a softer consumer price index reading. But the greenback steadied on Thursday, as markets digested a more hawkish outlook from the Fed. Spot gold fell 0.7% to \$2,309.69 an ounce, while gold futures expiring in August slid 1.2% to \$2,325.60 an ounce.

On the other hand, Oil prices fell in early trade on Thursday, as investors digested that the U.S. Federal Reserve had likely pushed back a possible interest rate cut to December, while ample U.S. crude and fuel stocks also weighed on the market. Brent crude futures lost 23 cents, or 0.3%, to \$82.37 a barrel, as of 0415 GMT, and U.S. West Texas Intermediate (WTI) crude futures fell 20 cents, or 0.3%, to \$78.30. Both benchmarks had gained about 0.8% in the previous session. Also weighing on prices was a bearish report by the International Energy Agency, which warned of excess supply in the near future.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0600	1.1000
GBP/USD	1.2574	1.2978
USD/ZAR	16.4377	20.4469
USD/AED	3.6529	3.6936
USD/JPY	155.13	159.15

For more details, contact our Treasury staff Mary, John, Alice & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51/52, Cell +254 709913351/52/54/55. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.